

**Introduced by Senator Aanestad**

February 17, 2010

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An act to amend Sections 12718 and 12727 of, to add Sections 12712.5 and 12715.5 to, and to add and repeal Section 12721.5 of, the Insurance Code, relating to health care coverage.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 1095, as introduced, Aanestad. California Major Risk Medical Insurance Program.

Existing law establishes the California Major Risk Medical Insurance Program (MRMIP) that is administered by the Managed Risk Medical Insurance Board (MRMIB) to provide major risk medical coverage to residents, as defined, who, among other matters, have been rejected for coverage by at least one private health plan. Existing law requires MRMIB to provide that coverage through participating health plans, except as specified, and authorizes MRMIB to provide or purchase stop-loss coverage under which MRMIP and participating health plans share the risk for health plan expenses that exceed plan rates. Existing law requires that benefits under the program be subject to copayments and deductibles authorized by the board and sets forth certain maximum amounts for deductibles and copayments.

The bill would require MRMIB to offer at least 4 different options for major risk medical coverage with varying deductibles and out-of-pocket maximums, as specified. The bill would require those options to include at least one Health Savings Account-compatible option and would authorize MRMIB to subsidize that option, as specified. The bill would also authorize MRMIB, until a specified date and if sufficient funds are available, to participate in deductible and out-of-pocket maximum reinsurance using specified products. The bill

would require MRMIB to release all program actuarial data for 2004 to 2007, inclusive, to the Legislative Analyst's Office, as requested by that office.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 12712.5 is added to the Insurance Code,  
2 to read:

3 12712.5. The board shall release to the Legislative Analyst's  
4 Office all program actuarial data for 2004 to 2007, inclusive, as  
5 requested by that office.

6 SEC. 2. Section 12715.5 is added to the Insurance Code, to  
7 read:

8 12715.5. (a) Notwithstanding Section 12712.5 or 12723, the  
9 board shall offer at least four different options for major risk  
10 medical coverage pursuant to this part, including at least one Health  
11 Savings Account-compatible option. These options shall provide  
12 for both of the following:

13 (1) Varying annual deductibles ranging from five hundred  
14 dollars (\$500) to two thousand five hundred dollars (\$2,500) per  
15 individual and one thousand dollars (\$1,000) to four thousand  
16 dollars (\$4,000) per family.

17 (2) Varying annual out-of-pocket maximums ranging from two  
18 thousand five hundred dollars (\$2,500) to five thousand dollars  
19 (\$5,000) per individual and four thousand dollars (\$4,000) to seven  
20 thousand five hundred dollars (\$7,500) per family.

21 (b) Beginning January 1, 2011, if the board determines that  
22 sufficient program funding is available, the board may subsidize  
23 the Health Savings Account-compatible option offered pursuant  
24 to subdivision (a) on a sliding scale based on income.

25 SEC. 3. Section 12718 of the Insurance Code is amended to  
26 read:

27 12718. Benefits under this chapter or Chapter 5 (commencing  
28 with Section 12720) shall be subject to required subscriber  
29 copayments and deductibles as the board may authorize, *as limited*  
30 *by Section 12715.5*. Any authorized copayments shall not exceed  
31 25 percent and any authorized deductible shall not exceed an annual  
32 household deductible amount of five hundred dollars (\$500).

1 However, health plans not utilizing a deductible may be authorized  
2 to charge an office visit copayment of up to twenty-five dollars  
3 (\$25). If the board contracts with participating health plans pursuant  
4 to Chapter 5 (commencing with Section 12720), copayments or  
5 deductibles shall be authorized in a manner consistent with the  
6 basic method of operation of the participating health plans, *subject*  
7 *to Section 12715.5.* ~~The aggregate amount of deductible and~~  
8 ~~copayments payable annually under this section shall not exceed~~  
9 ~~two thousand five hundred dollars (\$2,500) for an individual and~~  
10 ~~four thousand dollars (\$4,000) for a family.~~

11 SEC. 4. Section 12721.5 is added to the Insurance Code, to  
12 read:

13 12721.5. (a) If the board determines there are sufficient funds  
14 available, it may participate, on a sliding scale based on income,  
15 in deductible and out-of-pocket maximum reinsurance using  
16 products such as health reimbursement arrangements, critical  
17 insurance policies, and accident insurance policies.

18 (b) This section shall remain in effect only until January 1, 2015,  
19 and as of that date is repealed, unless a later enacted statute, that  
20 is enacted before January 1, 2015, deletes or extends that date.

21 SEC. 5. Section 12727 of the Insurance Code is amended to  
22 read:

23 12727. ~~Where more than one participating health plan is~~  
24 ~~offered, the~~ The program shall make available to applicants eligible  
25 to enroll in the program sufficient information to make an informed  
26 choice among the various types of participating health plans *options*  
27 *provided pursuant to Section 12715.5.* Each applicant shall be  
28 issued an appropriate document setting forth or summarizing the  
29 services to which an enrollee is entitled, procedures for obtaining  
30 major risk medical coverage, a list of contracting health plans and  
31 providers, and a summary of grievance procedures.